

## 8 percent gas rate cut is planned by Questar

By Steven Oberbeck  
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Questar Gas Co. is backing away from last week's proposal to lower its rates by \$28.3 million.

Instead, the gas company said Friday it intends to slash its rates even more - by \$93.7 million.

The reason: New projections suggest that the cost of buying natural gas will be lower than anticipated for the rest of the winter.

And that led Questar Gas to ask the Public Service Commission on Friday to allow it to cut its rates by about 8 percent, or about \$8.70 a month for the typical Utah natural gas user. Last week's proposed \$28.3 million decrease would have lowered rates by about \$2.70 a month for the typical Utah natural gas user.

"The cost of buying natural gas has dropped about half since early December," Questar Gas spokesman R. Curtis Burnett said. "Since we now expect that our costs will be lower in the future, we wanted to act as quickly as possible to pass those expected savings to our customers."

Questar buys about half the natural gas it supplies its customers on the wholesale market, but it doesn't make any money on that gas. Still, when the price of the fuel rises, the company needs to charge its customers more to cover the increased cost of buying the fuel.

In the same vein, when the price goes down, the gas company asks to lower its rates.

And this time the company wants to lower its rates a lot. The proposed 8 percent decrease, which Questar wants to take effect Feb. 8, will be the largest decline in rates since Jan. 1, 2002, when the company cut its customer charges by 11.2 percent.

"Natural gas prices have been up and down and all over the place lately," said Connie White, director of the Utah Division of Public Utilities. "The company, though, seems pretty confident the lower prices will stick around for a while."

Questar customer Jeff Gibby said the lower rates are good news. "They probably should lower them even more," he said, noting that he recently put new insulation in his home but his monthly bill didn't go down. "I'll take lower rates anytime."

The company cautioned its customers that natural gas prices probably will remain volatile.

Although lately natural gas prices have been trending downward, the result of a combination of mild winter weather across the country and a decrease in demand caused by households and businesses cutting back because of the high price of the fuel, that can change at any time.

Natural gas prices tend to move with global oil prices. Globally, those prices are near all-time highs because of growing demand and fear of possible supply interruptions in Iran, Nigeria and other major oil-producing countries, Questar Gas president Alan Allred said in a statement announcing the proposed rate cut.

"If natural gas prices bounce back up for any reasons, we'll be forced to raise our rates again to cover our costs," he added.

But Stephen Bloch of the Southern Utah Wilderness Alliance said Questar needs to come clean on the reason behind high natural gas prices.

Questar recently sent a letter to every customer in their bills blaming the high prices on "misguided environmental opposition" that it contended resulted in large amounts of natural gas being placed off-limits to development, Bloch said.

"The fact that they can turn around and ask for a \$97.3 million decrease suggests that explanation for high prices is a red herring," he said, noting that according to the U.S. Department of Interior the overwhelming majority of recoverable natural gas resources on public lands in the Intermountain West are open for leasing and development.

"They obviously disagree with us, but that's not surprising," Questar's Burnett said. "There is just no question that this country's environment policies are restricting energy development."

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